

# Using the Request for Proposal Process for Housing Development

**Banska Bystrica, Presov, Horna Micina, and Turna nad Budvou, Slovakia**

## Background

With the central government decreasing its responsibility for the production of housing, local governments in Slovakia began seeking ways to stimulate housing production using local and private resources. Local governments saw the Request for Proposal (RFP) process as a means of promoting private housing development on municipally owned land and achieving multiple local objectives: placing public land into private hands; encouraging the timely completion of projects meeting local development objectives; generating income for the city; and increasing the tax base through increased investment in real estate development.

## Innovation

Four local governments (representing both larger cities of approximately 100,000 population and small villages near larger cities) agreed in 1995 to use the RFP process for four diverse types of projects: two involved completing unfinished housing projects of 8 to 24 units in the small villages; one of the large city projects was for the construction of 70-80 new units on a well-serviced site in a historic downtown area; and the other involved infrastructure improvements in addition to housing development. The RFP process involved publicly soliciting housing development proposals and awarding development sites to developers based on a transparent and competitive evaluation process. The RFP process for each project, from initial project identification through solicitation, receipt, and evaluation of proposals, was completed in six to nine months.

None of the communities involved had prior experience with preparing requests for development proposals, soliciting proposals from the private sector, or using objective evaluation and selection approaches. Municipal officials identified potential sites, prepared RFPs and supporting documentation on the sites, organized and conducted pre-proposal conferences and marketing campaigns, and established evaluation criteria and a process to select proposals in a fair and open manner, using multiple factors besides price alone.

## Results

The results were disappointing in that the demonstrations failed to generate proposals acceptable to the participating communities. However, the demonstrations did introduce four communities to the RFP process. Municipal officials found the procedures and documentation useful for other projects (including procurement and other licensing and franchising projects unrelated to housing).

The demonstration was also valuable in identifying factors and concerns that need to be considered in designing future housing programs in Slovakia. These include the following: participating municipalities must offer high quality, thoroughly documented sites in good locations; there must be strong local demand for market-rate housing; the sites must be clear of all major problems (including legal and title concerns) and readily developable; and the municipality must be openly supportive, professional and fair, and flexible on the payment and other terms it is willing to accept.

## Summary

**To stimulate housing production using local and private resources, four local governments used the Request for Proposal (RFP) process. The demonstration was valuable in identifying factors and concerns that need to be considered in designing future housing programs in Slovakia.**

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